

Effort Reporting

Effort Reports for Faculty & Other Exempt Employees

Federal and state agencies, private foundations, organizations, and industry sponsors provide significant funding to enable the UT to **conduct research, public service, and training projects**. Salaries and wages often comprise as much as 2/3 of direct costs charged to sponsored projects; therefore, it is important to verify that salary and wage charges are appropriate. **The university's effort** certification reporting system is the mechanism for certifying that the salaries and wages charged to sponsored projects reasonably reflect the level of effort proposed and allowed on the award and the levels donated to the projects. Section J.10 of *Uniform Grant Guidance 200.430(i)* provides the framework for acceptable methods of documenting the effort of employees on sponsored projects. As a condition to receive federal funding, institutions must maintain an accurate system for reporting the percentage of time (i.e., effort) that employees devote to federally sponsored projects.

UT uses after-the-fact activity records, specifically Effort Report Statements, to account for effort. Effort reports will reflect the distribution of activity expended by employees as indicated by the allocation of payments from the payroll system. The effort report accounts for 100 percent of the activity for which the employee is compensated. All sponsored effort (salaried and donated) must be certified regardless of source of funds. Effort is expressed as a percentage of total employed time and is not reflected in hours. The total effort expended cannot be more or less than 100 percent.

The time and effort of project personnel should be included in the budget. Proposed salaries and wages must be in accordance with University approved salary rates.

Effort Certification

The percentage of effort committed should normally be commensurate with the percentage of salary requested except in cases where the awarding agency policy limits salary funding. Effort commitments made to an awarding agency can be directly funded or donated time. Unfunded commitments are University cost sharing expenses. The University must account for actual percentage of effort to document both funded effort and committed cost sharing expenses.

Effort certification documents the proportion of work time devoted to sponsored projects, teaching, and other activities expressed as percentage of total work time. For persons who are required to certify, all effort should be certified, whether spent on research, teaching, public service, or other activities, funded or donated. The total effort certified must total 100 percent. All employees involved in certifying effort must understand that severe penalties and funding disallowances could result from inaccurate, incomplete, or untimely effort reporting. The effort certification report is also a means of verifying that cost sharing was performed as described in the proposal or award document. Mandatory and voluntary committed cost sharing, i.e., cost sharing agreed to in the proposal budget, must be certified.

Certification

Certification Statement - Must include the following: "I confirm that the above distribution of salaries and wages directly charged to Sponsored Agreements/Programs is appropriate and reasonable in relationship to the work performed."

Certification Signature - This must be the individual paid or someone with direct knowledge or a suitable means of verifying that the work was performed. A subordinate of the individual getting paid can **NOT** certify the effort. Also a business or administrative person without the technical knowledge of the project and direct knowledge of the actual hours worked can **NOT** certify the effort.

Certification Date - This must be after the work is performed.

Faculty Salary charged to Grants

Generally, an employee may not receive more than his or her regular *salary annualized over 12 months* by engaging in sponsored projects. For example, a faculty member on a typical nine-month contract earning \$90,000 (\$10,000 per month) could earn up to an additional \$30,000 during the fiscal year from sponsored agreement(s).

For professorial and professional staff, the efforts reports will be prepared each academic term and again after the summer. Salary charges are made initially on the basis of estimates made before the services are performed, and such charges are promptly adjusted if significant differences are indicated by activity records. The PI is responsible for completing a superseding Salary Authorization to ensure prompt adjustment to original charges where such correction is needed.

To ensure that Effort Reports reasonably reflect the activities for which employees are compensated by the institution during the period of extramural support, the employee receiving compensation verifies the accuracy of the Effort Report Statement and signs it.

The PI must review and endorse effort reports of all project personnel receiving compensation or committing cost-shared effort to the award. The PI is responsible for final verification of that portion of an employee's Effort Report Statement related to the PI's award.

The Office of Sponsored Research and Grants notes that the completion of effort reports is verified by the University's auditors during the A-133 audit process. The federal government is initiating legal action against institutions failing to comply with effort reporting requirements.

Academic Year Salary

Salaries and wages charged to a project must reasonably represent the proportionate share of effort that directly benefits the project. It is recognized that in an academic setting, teaching, research, service, and administration are often intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Therefore, it is acceptable to rely on estimates in determining the allocable effort to be charged to a project.

If a faculty member holds a full-time, nine-month contract, the salary for that 9 month period is the base salary. ***Base salary does not include overload or incidental pay.*** During the academic year, federal funds must replace (not augment) some portion of the base salary. For example, if a faculty member proposes 20% of his/her effort to a federally-funded project, a maximum of 20% of institutional base salary may be charged to the grant, and this money must “buy out” salary, not add to it. The workload should reasonably match salary distribution as verified with an effort report. During the academic year, 9 month employees should modify the Departmental Action Form (DAF) in order to reduce the base salary in a manner consistent with the effort and salary allowed in the sponsored agreement.

Summer Salary

For faculty with a 9 month academic year appointment summer salary is calculated on the basis of 1/9 of the academic year salary for each summer month devoted to the project.

Most government agencies will allow for up to 3 months salary but NSF will allow only 2 summer months. Where the sponsor allows it, and where a faculty member with a 9 month contract elects to devote 3 summer months of effort to the sponsored project, the grant shall be charged up to 3/9 of the institutional base salary. The amount of salary requested must correspond to the amount of effort actually devoted to the project and verified in the effort report.

Salary Supplements & Extra Compensation

Salary charges to government grants and contracts are allowable at the approved base salary rate. Extra compensation ***from a sponsored project over and above the base rate*** is not allowed except in unusual cases where the consultation is across departmental lines or involves a separate remote operation and the work performed is in addition to the regular departmental load.

The policy of UT is to allow employees receiving salary from sponsored agreements to receive additional compensation from institutional resources with the approval of the Dean and Vice President. Employees should keep in mind that federally supported faculty earning additional remuneration from institutional resources must be able to document that their percentage of effort committed to the sponsored project remains substantially the same.

Activity Records for Non-exempt Employees

For non-exempt employees, unless alternate arrangements are agreed to by the sponsor and the University, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

In cases where UT uses time cards or other forms of after-the-fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purpose.